

Message Text

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ORIGIN XMB-04

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EB/IFD/ODF:BGCROWE

AF/C: JHALL-DIGGS

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R 261547Z FEB 75

FM SECSTATE WASHDC

TO AMEMBASSY LIBREVILLE

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E.O. 11652: N/A

TAGS: EGEN

SUBJECT: EXIMBANK LENDING IN GABON

1. PLEASE DELIVER THE FOLLOWING LETTER TO MIN. RAWIRI ON HIS
RETURN TO LIBREVILLE.

QUOTE: DEAR MINISTER RAWIRI:

IT WAS A PLEASURE TO MEET WITH YOU, AMBASSADOR MAVOUNGOU, AND
THE OTHER MEMBERS OF YOUR STAFF ON FEBRUARY 18 TO DISCUSS POSSIBLE
ADDITIONAL EXIMBANK FINANCING FOR THE TRANS-GABON RAILROAD
AS WELL AS VARIOUS OTHER PROJECTS IN GABON. WHILE WE ARE
PREPARED TO RECEIVE APPLICATIONS FROM YOUR GOVERNMENT COVERING
THE FEASIBILITY STUDY FOR THE PROPOSED MINERALS PORT AT SANTA
CLARA AND THE US COSTS OF THE TAMS CONTRACT FOR CONSTRUCTION
SUPERVISION ON THE RAILROAD, DETAILED CONSIDERATION OF THESE
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CASES IS DEPENDENT ON A SATISFACTORY RESOLUTION OF CERTAIN

QUESTIONS CONCERNING THE ECONOMY OF GABON AND THE RAILROAD ITSELF. AS INDICATED DURING OUR MEETING, I AM PLEASED TO SET FORTH THESE AREAS OF QUESTION IN MORE DETAIL.

FIRST, WE ARE SEEKING A CLEARER UNDERSTANDING THAN HERETOFORE AVAILABLE OF GABON'S PRESENT ECONOMIC SITUATION AND FUTURE PROSPECTS. THE KIND OF INFORMATION NEEDED RELATES TO RECENT BALANCE OF PAYMENTS PERFORMANCE, EXTERNAL DEBT, THE NATURE OF BUDGET RECEIPTS AND EXPENDITURES, MAJOR NEW PROJECTS WHICH WILL REQUIRE EITHER GABONESE GOVERNMENT INVESTMENT OR SUBSTANTIAL FOREIGN BORROWING, AND SUCH OTHER DATA AS MAY BE REQUIRED TO ASSESS GABON'S CAPACITY TO SERVICE ADDITIONAL EXTERNAL DEBT. THIS INFORMATION IS SIMILAR TO THAT SOUGHT FOR EVERY COUNTRY IN WHICH EXIMBANK IS CURRENTLY MAKING LOANS, AND WILL, OF COURSE, HAVE AN IMPACT ON OUR ABILITY TO FINANCE PROJECTS OTHER THAN THE RAILROAD.

TURNING TO THE RAILROAD, WE WILL REQUIRE THE FOLLOWING INFORMATION TO SUPPLEMENT THE DECEMBER 1974 REPORT PREPARED BY OCTRA:

1. TOTAL COST OF "PHASE I" (INCLUDING PROVISIONS FOR POSSIBLE COST ESCALATION) SHOWING A BREAKDOWN OF THE US, FOREIGN AND LOCAL COSTS. THIS ANALYSIS SHOULD INDICATE HOW FUNDS WILL BE PROVIDED IN THE EVENT THAT THE CURRENT COST ESTIMATE IS EXCEEDED AND ADDITIONAL AMOUNTS ARE REQUIRED TO COMPLETE CONSTRUCTION AND PLACE THE RAILROAD IN OPERATION.
2. PROJECTED CASH FLOW STATEMENT (ON AN ANNUAL BASIS) OF THE RAILROAD FOR THE FIRST FIVE YEARS OF OPERATION. THIS STATEMENT SHOULD SHOW ALL ANTICIPATED USES OF CASH AND EXPLAIN BY APPROPRIATE FOOTNOTES THE BASIS FOR COMPUTATION OF INTEREST, LOAN AMORTIZATION PAYMENTS, ETC. ALL BORROWINGS, REGARDLESS OF WHETHER THE GOVERNMENT OF GABON OR OCTRA IS THE OBLIGOR, SHOULD BE INDIVIDUALLY DEFINED AND THE STATEMENT SHOULD SHOW REPAYMENT TERMS, INTEREST RATES, CURRENCY OF REPAYMENT AND ANY GUARANTEES OR SECURITY CONDITIONS ATTACHED. ALSO, THE AMOUNT AND SOURCE OF YOUR GOVERNMENT'S EQUITY CONTRIBUTIONS SHOULD BE SPECIFIED.

IT IS PROBABLE THAT AN EXIMBANK STUDY MISSION WILL VISIT GABON WITHIN A MONTH TO DEVELOP THE INFORMATION ON THE GABONESE LIMITED OFFICIAL USE

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ECONOMY AND TO REVIEW YOUR RESPONSE TO OUR DATA REQUIREMENTS ON THE RAILROAD. I WOULD BE MOST APPRECIATIVE, MR. MINISTER, IF YOU COULD PROVIDE THIS MISSION WITH ALL POSSIBLE ASSISTANCE. OUR EMBASSY WILL ADVISE AS TO ITS DATE OF ARRIVAL.

I BELIEVE WE ARE ENGAGING IN A USEFUL DIALOGUE WHICH WILL LEAD TO AN INCREASING AND MUTUALLY BENEFICIAL RELATIONSHIP BETWEEN YOUR GOVERNMENT AND EXIMBANK.

SINCERELY,

WILLIAM J. CASEY
PRESIDENT AND CHAIRMAN UNQUOTE

ORIGINAL DATED FEBRUARY 24, BEING POUCHED FEBRUARY 25, 1975.
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